

# CITIES AND TOWNS BULLETIN

ISSUED BY STATE BOARD OF ACCOUNTS

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September 1996

CITIES AND TOWNS

## JUNE TRAINING SCHOOL

The State Board of Accounts extends **its** deepest appreciation to the Indiana League of Municipal Clerks and Treasurers for making the arrangements and handling the registrations at the school. Next **year's** June school will be held June 18 and 19, 1997 at the Indianapolis Marriott on the **east** side of Indianapolis.

## CUMULATIVE FIRE FIGHTING, BUILDING AND EQUIPMENT AND POLICE RADIO FUND

IC 36-8-14 authorizes **cities** and towns to provide a cumulative building and equipment fund for the purchase, construction, renovation, or addition to **buildings used** by the fire department and for the purchase of firefighting equipment, including making the required payments under a lease rental with option to purchase agreement made to acquire the equipment. A municipality may also **use** the fund to purchase police radio equipment. The fund may also be **used** for the **purchase**, construction, renovation or addition to a building or the **purchase** of equipment for **use** of a provider of emergency medical **services** under IC 16-31-5 to the city or **town establishing** the fund.

The statute **limits** the tax levy to no more than ten **cents** (\$.10) on each one hundred **dollars** (\$100) of **assessed** valuation in the taxing district. Any tax collected after establishing this tax levy shall be deposited in a special fund to be known as the "building or remodeling, firefighting, and police radio equipment fund." This fund may not be used for any purpose other than the purpose for which it **was** raised. Expenditures may be made only after an appropriation has been made available.

Any questions regarding procedures to **establish** this fund should be directed to the State Board of Tax **Commissioners**, Indiana Government Center North, Room N1058, 100 N. Senate, Indianapolis, IN 46204.

BONDS OF OFFICERS AND EMPLOYEES  
OF THE DEPARTMENT OF PARKS AND RECREATION

IC 36-10-3-16 lists the bonding requirements for officers and employees of a department of parks and recreation.

- "a. Every officer and employee who handles money in the performance of duties as prescribed by this chapter shall execute an official bond for the term of his office or employment.
- b. The fiscal body of the unit may, under IC 5-4-1-18, authorize a blanket bond to cover all officers' and employees' faithful performance of duties. The penal amounts of the bonds shall be fixed by the fiscal body of the unit and, in the case of a municipality, must be approved by the executive.
- c. All bonds shall be filed and recorded in the office of the county recorder of the county in which the department is located."

CERTIFICATION OF NAMES AND ADDRESSES  
TO COUNTY TREASURER

IC 6-1.1-22-14 states: "On or before June 1st and December 1st of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the disbursing Officer of each political subdivision shall certify the name and address of each person who has money due him from the political subdivision to the treasurer of the county in which the political subdivision is located. Upon the receipt of this information, the county treasurer shall search the records to ascertain if any person so certified is delinquent in the payment of property taxes."

IC 6-1.1-22-15 states that if the county treasurer finds that a person whose name is certified to him under IC 6-1.1-22-14 is delinquent in the payment of taxes, he shall certify the name of that person and the amount of delinquency to the official of the political subdivision who makes payments to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer.

### FEDERAL EXCISE TAXES

As a general rule, governmental units are exempt from and should not pay any federal excise tax. To obtain the exemption, a properly executed exemption certificate **must** be filed with the vendor from whom the purchase is made. **This** exemption certificate may be prepared at the time the order is placed or at the time payment is made. The exemption certificate may be a printed or mimeographed form and **should** be substantially in the form currently used. For information concerning the form of the exemption certificate, contact the Internal Revenue Service at 1-800-829-1040.

Claims and invoices should be carefully audited to **see** that no federal **excise** taxes are included and paid. **Diebureing officers** should require that **invoices show** separately the **gross** price, the **amount** of the **excise** tax, and the final price to the governmental unit.

In some instances, a city or town may have erroneously paid the excise taxes from which they are exempt. In **such instances**, the city or town has three years from the date the tax **was** paid to the Federal Government in which to file for a refund.

To obtain a refund, the city or town should submit to the seller an exemption certificate for each item on which excise tax was paid accompanied with documentary evidence that the exemption had not been claimed or received. Such evidence may be **copies of invoices**, affidavits, records, etc.

The Internal Revenue Service will provide forms on which the original taxpayer may claim reimbursement for excise tax erroneously paid by a city or town.

Any questions concerning federal excise tax should be directed to the Internal Revenue Service.

### STATE SALES TAXES

Governmental units are eligible for an exemption from the state sales tax on purchases. To obtain the exemption a Sales Tax Exemption Certificate must be obtained from the Department of Revenue. Application should be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division.

Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, **reimbursements** for lodging in approved travel status may include state sales tax. However, it should be kept in mind that claims for all such reimbursements must be **supported** by a fully itemized receipt showing date of lodging, the name(s) of the **person(s)** occupying the room and the amount paid.

# REPRODUCTION OF CITIES AND TOWNS BULLETINS

The Cities and Towns Bulletins may be reproduced and copies given to members of the **common** council, town council, city or town attorneys, city engineers, mayors, members of the board of public works and safety and any other department heads. Where a bulletin contains information applicable to another office or department, we urge that you share the information. This practice not only provides better **communication**, understanding and cooperation between your office and other officials and department heads but also eliminates many questions which might otherwise arise. The bulletins are issued to provide a quick reference tool for your office.

In many instances, we receive requests for additional copies of the Cities and Towns Bulletins. Historically, the bulletins have been furnished without charge to the municipal fiscal officers. Due to our budget constraints we have established a charge of one dollar (\$1.00) for each additional issue of the bulletin furnished or five dollars (\$5.00) per year. This will allow us to partially recover the cost of producing and mailing the extra copies when requested from officials other than the fiscal officer. We will continue furnishing copies to fiscal officers without charge.

## VOLUNTEER FIREFIGHTERS-CLOTHING AND AUTOMOBILE ALLOWANCES

IC 36-8-12-5 states:

"(a) Unless otherwise provided by contract, a unit served by a volunteer fire company shall pay to each active and participating member of the company:

- (1) a clothing allowance of not less than one hundred dollars(\$100) per year; and
- (2) an automobile allowance of not less than one hundred (\$100) per year for the use of the member's automobile in the line of duty.

(b) A contract may also provide that fees for membership in a regularly organized volunteer firefighters' association be paid by the unit on behalf of the firefighters in the volunteer fire company."

**FEDERAL TAX DEPOSITS - ELECTRONIC FUNDS TRANSFER**

The following **was** an Internal Revenue **Service** (IRS) handout at our June School for City and Town Clerk-Treasurers, City Clerks, and City **Controllers** pertaining to electronic funds transfer of federal tax **deposits** which **becomes** effective for **some cities and towns on January 1, 1997**. Please contact the IRS at 1-800-829-1040 if you have further **questions**.

## ELECTRONIC PAYMENT SYSTEM

### What is it?

The Electronic Payment system allows employers to make Federal Tax Deposits using Electronic Funds Transfer technologies.

### How does it work?

It uses the Automated Clearing House (ACH) to process payments. There are two methods available: ACH Debit and ACH Credit

With an ACH Debit **transaction**, you authorize the Treasury's financial agent for your area to withdraw funds from your account and route them to the Treasury's general account at the Federal Reserve Bank (FRB). At the time you **issue** the instructions, the **financial** agent will **provide** you with an **acknowledgment** number. If you **mutated** the **payment** on time, had sufficient funds in your account and received an acknowledgment number, the **financial** agent is responsible for any processing problems with your **payment**

An ACH Credit **transaction** is one in which your financial institution, upon your instructions, initiates a transaction through the ACH to the U. S. Treasury's general account at the FRB. You **remain** liable for the **payment** until your **payment** has been credited at the FRB



Internal  
Revenue  
Service

### What are the benefits of using Electronic payments?

- \* No trips to the bank: no standing in line to deliver **FTD** coupons.
- \* Faster, more accurate posting of deposits to your account.
- \* **Flexible**, convenient payment methods such as telephone and personal computer dial-up options and electronic arrangements with your own bank

### Am I required to make payments electronically?

If your annual employment tax deposits were more than \$50,000 in calendar year 1995, you are required to begin electronic payments on January 1, 1997. Even if you are not mandated to use the new system this year, you are encouraged to take advantage of this easy and convenient payment method

### Will I be penalized if I don't use the electronic system?

Yes. Taxpayers who are required to make deposits electronically must do so beginning **January 1**. If you don't transmit electronically, you will be subject to a 10 percent penalty on the amount of the deposit.

### How do I enroll?

During May and June 1996, First Chicago Bank, a Treasury Financial Agent, will begin mailing out enrollment packages to the 1.3 million **taxpayers** who are mandated to use the new system. The enrollment package will include a notice to the taxpayer explaining their **payment** requirements, an enrollment form and instructions.

### When is the deadline?

Mandated **taxpayers** are encourage to enroll as soon as possible, but no later than November 1, 1996 so they can meet the **payment** requirement for January 1, 1997 without being penalized for **non-compliance**. It takes approximately 2 to 10 weeks to complete the enrollment process

*Indiana District (rev. 4/96)*

**RESIDENCY REQUIREMENTS**  
**CITY POLICE AND FIRE DEPARTMENTS**

Members of city police and fire departments must reside in Indiana in one (1) of the following areas:

- (1) Within the county in which the city is located; or
- (2) In a county that is contiguous to the county in which the city is located. (IC 36-8-4-2)

**TRANSFERS OF TOWN FUNDS**

**Town with a Population of 500 or less**

Notwithstanding the provisions of any other statute, a town may transfer money from any town fund to another town fund after the passage of an ordinance or a resolution by the town legislative body specifying the:

- (1) amount of the transfer;
- (2) funds involved;
- (3) date of the transfer; and
- (4) general purpose of the transfer. [IC 36-5-4-13(a)]

**Town with a Population of More Than 500 But Less Than 2,000**

Notwithstanding IC 5-14-1 and IC 8-14-2, a town may transfer money distributed to the town from:

- (1) the motor vehicle highway account under IC 8-14-1;
- (2) the local road and street account under IC 8-14-2 or
- (3) the:
  - (A) motor vehicle highway account under IC 8-14-1; and
  - (B) local road and street account under IC 8-14-2;

to any other town fund after the passage of an ordinance or a resolution by the town legislative body that specifies the amount of the transfer, the funds involved, the date of the transfer, and the general purpose of the transfer. However, the total amount of all money transferred by a town may not exceed forty thousand dollars (\$40,000). [IC 36-5-4-13(b)]

#### ACCOUNTS PAYABLE VOUCHER REGISTER

Public Law 40, Acts of 1996, which became effective July 1, 1996, changed the name of the Register of Claims, General Form No. 364, to an Accounts Payable Voucher Register to facilitate the use of the Accounts Payable Vouchers which were placed into use in 1995. All public printers were notified of the change in June.

All cities and towns may continue to use up any existing supplies of old claim forms and registers of claims until December 31, 1996, when all cities and towns are required to use the new forms.

#### METHOD OF PAYMENT TO CITIES AND TOWNS

A payment to a city or town or a municipally owned utility may be made by any of the following financial instruments that the fiscal copy of the city or town or the board of a municipally owned utility authorizes for use:

- (1) Cash.
- (2) Check.
- (3) Bank draft.
- (4) Money Order.
- (5) Bank card or credit card.
- (6) Electronic funds transfer.
- (7) Any other financial instrument authorized by the fiscal body.

If there is a charge to the city or town or municipally owned utility for the use of a financial instrument, other than a bank card or credit card, the city or town or municipally owned utility shall collect a sum equal to the amount of the charge from the person who uses the financial instrument.

If authorized by the fiscal body of the city or town or the board of municipally owned utility, the city or town or municipally owned utility may accept payments with a bank card or credit card. However, the procedure authorized for a particular type of payment must be uniformly applied to all payments of the same type.

The city or town or municipally owned utility may contract with a bank card or credit card vendor for acceptance of bank cards or credit cards. The city or town or municipally owned utility may pay any applicable bank card or credit card service charged associated with the use of a bank card or credit card. (IC 36-1-8-11)

#### MUNICIPALLY OWNED UTILITIES-PUBLIC PURCHASES

The provisions in IC 36-T-9 (The Public Purchases Law) do not apply to municipally owned utilities under IC 8-1.5 or municipally owned sewage utilities. [IC 36-1-9-1(b)]

## ACCESSIBLE PARKING SPACES

Cities and towns that provide parking facilities for self-parking by employees or visitors are required to have accessible parking spaces reserved according to the following schedule:

TOTAL NUMBER OF PARKING SPACES IN FACILITY	MINIMUM NUMBER OF RESERVED SPACES
1 to 25	1
26 to 50	2
51 to 75	3
76 to 100	4
101 to 150	5
151 to 200	6
201 to 300	7
301 to 400	8
401 to 500	9
501 to 1,000	2% of total
over 1,000	20 plus 1 for each 100 spaces over 1,000

A parking facility may provide accessible parking spaces in different locations from other parking spaces if the location of the accessible spaces results in equivalent or greater access by the shortest accessible route of travel to an accessible entrance of:

(1) a building, if the parking facility does not serve a specific building; or

(2) the parking facility, if the parking facility does not serve a specific building.

For buildings with more than one (1) accessible entrance that has parking adjacent to the entrances, accessible parking spaces must be dispersed and located closest to the accessible entrances.

The reserved space or spaces must be reserved by posting immediately adjacent to and visible from the space and spaces a vertical sign measuring at least forty-eight (48) inches from the base of the sign, located in a manner that will not be obscured by a vehicle parked in the space, and bearing the following:

(1) The international symbol of accessibility.

(2) Letters and numbers that have a width to height ratio between 3:5 and 1:1 and a stroke width to height ratio between 1:5 and 1:10.

(3) Characters and numbers that are sized according to the distance from which the characters and numbers are read, with the minimum height measured by an uppercase "X". Lowercase characters may be used.



ACCESSIBLE PARKING SPACES (continued)

The character<sup>5</sup> and background of a sign must be eggshell, matte, or another **nonglare** finish. Characters and symbols **used** on a sign must contrast with the background color of the sign. The **size** and location of parking **spaces** must conform to the following standards:

- (1) An **accessible** parking space must be at **least** ninety-six (96) **inches** wide.
- (2) An **access aisle** adjacent to an accessible parking **space** must be at least sixty (60) **inches** wide and may not be restricted by a built-up curb ramp, planters, curbs, wheel **stops**, or any other obstructions.
- (3) Two (2) adjacent accessible parking space<sup>5</sup> may share a common **access** aisle.
- (4) An **access** aisle:
  - (A) must be part of an accessible route to the building or facility; and
  - (B) must either merge with the **acceesible** route or have a curb ramp to the **acceesible** route that complies with the rule<sup>5</sup> governing curb ramps.
- (5) An accessible parking space and an **access** aisle must have a slope of not more than 1:50 [two percent (2%)] in all directions.
- (6) An accessible parking space and an **access aisle** must be designated with blue lines.
- (7) An accessible parking space and at least one (1) vehicle access route to the accessible parking space must have a minimum vertical clearance of at least ninety-eight (98) inches.

A parking facility must designate at least one (1) accessible parking space of every eight (8) accessible parking spaces as a van accessible parking space. A van accessible parking space must have an access aisle at least ninety-six (96) inches wide. A parking facility may group all van accessible parking spaces in a single location. A parking facility that:

- (1) is in existence on June 30, 1996 and;
  - (2) conforms to the specifications for the size and locations of parking spaces as the specifications that were in effect on June 30, 1996;
- is not required to conform with the van accessible requirements until the first time the parking facility is resurfaced or **restriped** after June 30, 1996. (IC 5-16-9)

## SINGLE AUDIT ACT AMENDMENTS OF 1996

Congress recently amended the Single Audit Act of 1984 with the Single Audit Act Amendments of 1996 (Amended Act). Among other things, the Amended Act **has** raised the dollar threshold for which a single organization-wide audit **is** performed from \$25,000 of federal financial **assistance** received to \$300,000 in federal awards disbursed in a **fiscal** year. In the past, single audits for state and local governments have been performed in accordance with Office of Management and Budget (OMB) Circular A-128. Under the Amended Act, audits for periods ending on or after June 30, 1997 of all non-federal entities that expend \$300,000 or more of federal **awards** in a fiscal year will be performed under OMB Circular A-133.

In addition to making **changes** in the manner in which **audits** of federal awards are performed, the Amended Act and Circular A-133 have **also** placed new requirements on the recipients of federal awards. Beginning with audits performed in accordance with the Amended Act and Circular A-133 each recipient of federal awards is required to identify all federal **awards** received and expended and the federal programs under which they were received. Federal program and award identification **shall** include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through agency. Among other things, these new requirements are designed to make each recipient of federal awards more aware of the federal programs received and disbursed.

In many cases the auditors are having to spend significant amounts of audit time sorting through the accounting **records** and federal files to obtain information about federal awards. The recipient will now be required to provide this information upon request. Note that these requirements **also** apply to pass-through recipients of federal awards. If you receive federal awards **passed** through a state agency or other pass-through entity, the pass-through agency will be required to provide you with the appropriate CFDA titles and numbers, award number, and name of the federal agency providing the award. If you pass-through federal awards to **subrecipients**, you will also be required to provide this information to each subrecipient.

RIVERBOAT GAMBLING-ADMISSION TAXES

A tax is imposed on admissions to gambling excursions at a rate of three **dollars** (\$3) for each person admitted to the gambling excursion. **This** admission tax is imposed upon the licensed owner gambling excursion. (IC 4-33-12-1)

Such **taxes shall** be placed in the State general fund. The **Treasurer** of State shall quarterly pay:

(1) One dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to:

(A) The city in which the riverboat is docked; if the city:

(i) Is described in IC 4-33-6-1(a)(1) through IC

4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

(ii) Is **contiguous** to the Ohio River and is the largest city in the county; and

(B) The county in which the riverboat is docked, if the riverboat is not docked in a city described in **clause** (A).

(2) One dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county in which the riverboat is docked. In the case of a county described in IC 4-33-12-6(1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under IC 4-33-12-6(1)(B).

(3) Ten cents (\$0.10) of the admissions tax collected by the licensed owner for each **person** embarking on a riverboat during the quarter shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

Money paid to a unit of local government:

(1) Must be paid to the fiscal officer of the unit and deposited in the unit's general fund:

(2) May not be used to reduce the unit's maximum or actual levy under IC 6-1.1-18.5; and

(3) May be used for any legal or corporate **purpose** of the unit, including the pledge of money to bonds, **leases**, or other obligations under IC 5-1-14-4.

Money paid by the Treasurer of state to a county convention and visitors bureau or promotion fund shall be:

(1) Deposited in:

(A) The county convention and visitor promotion fund; or

(B) The county's general fund if the county **does** not have a convention and visitor promotion fund; and

(2) Used only for the tourism, promotion, **advertising**, and economic development activities of the county and community. (IC 4-33-12-6)

**RIVERBOAT GAMBLING-WAGERING TAXES**

After funds are appropriated under IC 4-33-13-4, each month the Treasurer of State **shall** distribute the tax revenue deposited in the state gaming account to the following:

(1) Twenty-five percent (25%) of the tax revenue remitted by each **licensed owner shall** be paid:

(A) To the city that **is** designated as the home dock of the riverboat from which the tax revenue **was** collected, in the **case** of a city described in IC 4-33-12-6(b)(1)(A);

(B) In **equal shares** to the **counties** described in IC 4-33-1-1(3), in the case of a riverboat **whose** home dock **is** on Patoka Lake; or

(C) To the county that **is** designated as the home dock of the riverboat from which the tax revenue **was** collected, in the **case** of a riverboat whose home dock is not in a city described in **clause**

(A) or a county described in clause (B); and

(2) Seventy-five percent (75%) of the tax revenue remitted by each licensed owner shall be paid to the build Indiana fund lottery and gaming surplus account. (IC 4-33-13-5)

Money paid to a unit of local government:

(1) Must be paid to the fiscal officer of the unit and deposited in the unit's general fund;

(2) May not be used to reduce the unit's maximum or actual levy under IC 6-1.1-18.5; and

(3) May be used for any legal *or* corporate **purpose** of the unit, including the pledge of money to **bonds, leases, or other obligations** under IC 5-1-14-4.

IC 4-33-13 does not prohibit the city or county designated as the home dock of the riverboat from entering into agreements with other units of local government in Indiana or in other states to share the city's or county's part of the tax revenue received. (IC 4-33-13-6)